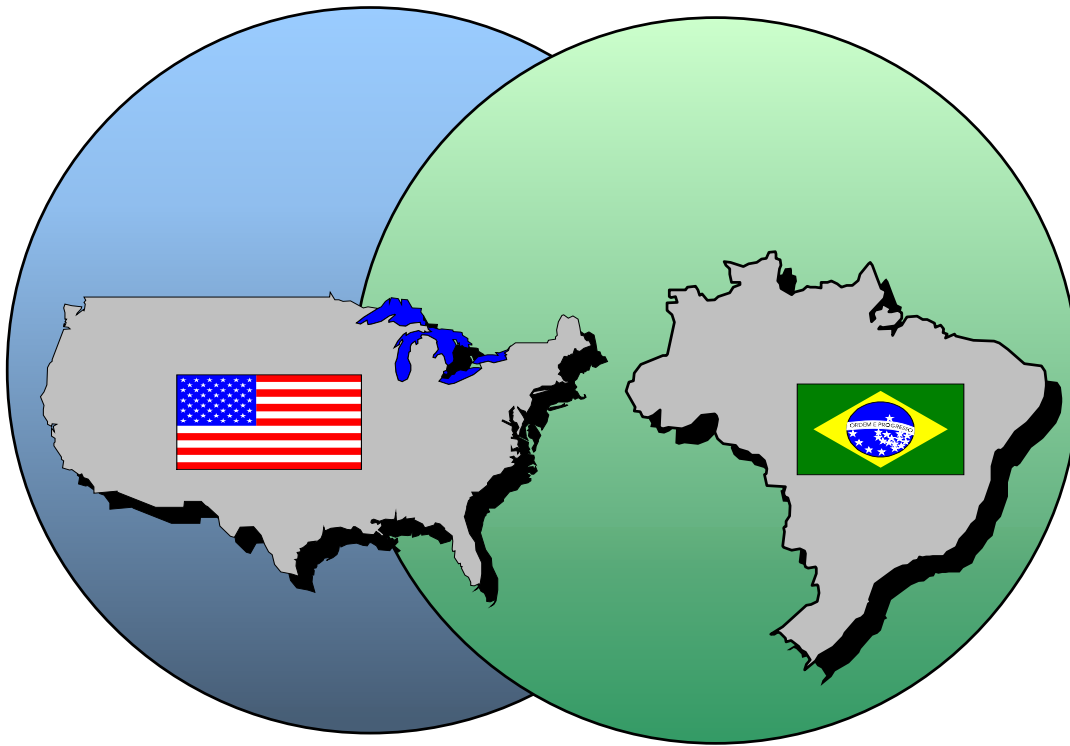


USAID/Brazil Annual Report 2002



The attached results information is from the FY 2002 Annual Report for Brazil and was assembled and analyzed by USAID/Brazil.

The Annual Report is a "pre-decisional" USAID document and does not reflect results of USAID budgetary reviews. Additional information on the attached can be obtained from:

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Internet: <http://www.dec.org>

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Glossary

AA – Assistant Administrator
ABESCO – Energy Service Companies' Association
AIDS – Acquired Immuno-Deficiency Syndrome
ANEEL – National Electric Energy Regulatory Agency
ANP – National Oil Agency
BASA – Bank of the Amazon
BCEEP - Brazil Clean and Efficient Energy Program
BETOP - Brazil Energy Training and Outreach Program
BNDES – National Social and Economic Development Bank
CA – Cooperating Agency
CA – Cooperative Agreement
CDC – Centers for Disease Control
CERPCH – National Center of Reference in Small Hydro Potentials
CI - Conservation International
CNPE – National Energy Planning Committee
CONPET – National Program for the Rational Use of Natural Gas and Oil
COP-7 – Conference of Parties
CSPE – São Paulo State Energy Commission
CU – Conservation Unit
CSWs – Commercial Sex Workers
CTF – Clean Tech Fund
CY - Calendar Year
DAA – Deputy Assistant Administrator
DCA – Development Credit Authority
DCOF – Displaced Children and Orphan's Fund
DOTS – Directly Observed Therapy
EFEI – Federal School of Engineering of Itajubá
EMATER - Rural Technical Assistance Enterprise
EMBRATUR – Brazilian Federal Tourism Agency
EPA – Environmental Protection Agency
ETIP - Energy Technology Innovation Program
EXI – Executive Officer
E.U. – European Union
FHI – Family Health International
FLORA – Forest Products Fair
FSC – Forest Stewardship Council
FSN – Foreign Service National
FVA – Vitória Amazônica Foundation
FY – Fiscal Year
GCC – Global Climate Change
GCE – Energy Crises Chamber
GDA – Global Development Alliance
GDO – General Development Officer
GHG – Greenhouse Gases
GOB – Government of Brazil
GOs – Governmental Organizations
HIV – Human Immuno-Deficiency Virus
IBAMA – Institute of Environmental and Renewable Natural Sources
IBENS – Brazilian Institute for Training in Sustainable Business
ICASS – International Cooperative Administrative Support Services
IDU – Injecting Drug Users
IESB - Institute for Socio-Environmental Studies of Southern Bahia
IIEB – Brazilian International Education Institute
IIEC - International Institute for Energy Conservation
IMPACT – Implementing AIDS Prevention and Care
INPA – Amazon Research Institute

IPAM - Amazon Institute for Environmental Research
IPAAM – Amazonas State Institute for Environmental Protection
IR – Intermediate Result
IT – Information Technology
LAC – Latin America and the Caribbean
MME – Ministry of Mines and Energy
MOH - Ministry of Health
MPP – Mission Performance Plan
MSH – Management Sciences for Health
MSM – Men who have sex with men
NASA - National Aeronautics and Space Administration
NGO – Non-Governmental Organization
NXP – Non-expendable Property
OE – Operations Expenses
PAHO – Pan American Health Organization
PESACRE – Group for Research and Extension in Agroforestry Systems of Acre
PHN – Population, Health and Nutrition
PPG-7 - Pilot Program to Conserve the Brazilian Rain Forest
PROCEL – National Program for Electrical Energy Conservation
PSC – Personal Services Contract
PVO – Private Voluntary Organization
RENOVE – Renewable Energy NGO Network
RFA – Request for Applications
RH – Reproductive Health
RIH – Reduced Impact Harvest
SEAS – National Secretariat of Social Assistance
SETAP – Sustainable Energy Technology Assistance Project
SO – Strategic Objective
SpO – Special Objective
STI – Sexually-Transmitted Infection
TB - Tuberculosis
TFF -Tropical Forest Foundation
TNC – The Nature Conservancy
U.N. – United Nations
U.S. – United States
UNAIDS – United Nations Fund for AIDS
UNDP - United Nations Development Program
UNESCO – United Nations Education, Science and Cultural Organization
UNICEF – United Nations Children’s Fund
USDH – United States Direct Hire
USEA - United States Energy Association
USFS - United States Forest Service
WHO - World Health Organization
WHRC - Woods Hole Research Center
WWF - World Wildlife Fund

Annual Report Part III: FY 2001 Performance Narrative

512-001: Environmentally and Socioeconomically Sustainable Alternatives for Sound Land Use Adopted beyond Target Areas

Overall, this SO met or exceeded planned targets this year in training and sustainable land use activities. Successful transformation of four of the largest Amazon timber firms from practitioners of traditional predatory logging to model industries practicing responsible forest stewardship was possible only after company technicians and managers completed a USAID-sponsored field course in reduced impact harvesting (RIH) practices. In FY 2001, overall practitioner training (individuals without a high school diploma) almost doubled from the number targeted, while the number of high school graduates trained exceeded the target by one-third. The increase in practitioner training is of particular importance because it represents quick response on the part of USAID training partners to the strong demand for professionals schooled in the manual skills and management practices that make forest and conservation management work. It is also a mark of success that the number of persons trained who are now trainers or have training and extension functions or roles doubled the planned target. The recent Strategic Objective (SO) 1 indicator data quality assessment shows training to be the most consistent means to measure program impact, given the high demand for individuals trained in forest management and rapid assimilation of lessons learned by key individuals in the public and private sectors. A significant number (almost half) of these professionals are women and it is noteworthy that many of these women have moved into key management positions in federal and state environmental agencies, academic posts, and civil society organizations.

USAID beneficiaries: Brazilian society, in general, benefits from conservation and sustainable development of forest resources, while misuse of forest resources in Brazil can have global consequences. Emissions from deforestation in the Brazilian Amazon continue at an annual rate higher than projected worldwide emission reductions planned in recent climate negotiations under the terms of the Kyoto Protocol. A consensus of scientific findings indicates that human-produced emissions have discernible, predictable effects on climate, including the risk of weather anomalies. USAID promotes local measures that reduce global emissions while first focusing attention on the economic well-being of forest dwellers.

Extreme poverty in Brazil's tropical forest regions and the need to address the livelihoods of millions of forest dwellers are part of the local working context of this SO. Many forest dwellers in Brazil still live at the margin of the market economy. During the time remaining under the current strategy, USAID/Brazil will seek to develop the capacity of local institutions and individuals to capture market opportunities and champion policy initiatives that level the playing field for rural dwellers and their environment.

One such opportunity that is developing has a direct impact upon rural dwellers in Brazil's Amazon who depend for their livelihoods on subsistence agriculture, harvest of forest products, and small-scale market-oriented production. Through USAID support, rural workers associations and federal banking officials are attempting to modify existing rural production credit into an environmental credit line that would be available for seven million Amazon farmers. This credit line would fund investments that increase the ecological stability as well as the productivity of small-holder farms, while compensating farmers for protecting their land, water and forests.

In FY 2001, new tools for engaging private investors in conservation efforts were supported by the Mission. Conservation International (CI) and its local partner, the Institute for Socio-environmental Studies of Southern Bahia (IESB) developed a website advertising critical forested farms for sale as a means of promoting forest stewardship among landowners. CI/IESB also brokered and launched a public/private conservation partnership, facilitating direct payments to small producers for woodlot conservation by a private developer of time-share condominiums in the Itacaré-Serra Grande region of Southern Bahia. This experiment stands out as a model for public/private alliance building for conservation in highly threatened ecosystems.

USAID/Brazil has solicited support to a permanent forest management training center, as an outgrowth of its support for the Tropical Forest Foundation (TFF). This outreach to other actors has resulted in pledges of funding support for this center from the Dutch and German governments. USAID/Brazil also

intermediated contacts with the A2R venture capital firm and its training arm, the Brazilian Institute for Training in Sustainable Business (IBENS), resulting in a business plan to operate this center on a full cost recovery basis as a public/private initiative. At the September 2001 LAC region Forest Management Workshop in Santa Cruz, Bolivia, one of the concluding resolutions called for support in establishing a permanent forest management training center in the Brazilian Amazon, not just for Brazil, but for the whole Amazon region. This training center is expected to be the centerpiece of a Global Development Alliance (GDA) initiative (certified forests/international markets), linking volume wood buyers with volume producers of certified tropical hardwoods.

The number of Brazilian timber companies achieving full certification of their Amazon timber management operations is growing rapidly in response to consumer demand and well-publicized commitments by large international wood product buyers (most notably, the commitment by Home Depot, the largest U.S. wood products retailer, to sell only certified forest products). To date, over 278,000 hectares (soon to be 745,000 hectares) of natural forest owned by four leading timber firms have been certified in the Brazilian Amazon. To further promote forest certification, in September 2001 the Brazilian Forest Stewardship Council (FSC) was established to set forest management standards unique to Brazil's mixed hardwood tropical forests. Brazilian certifying organizations report that the biggest change upon forest certification does not take place in the forest *per se*, but in rural communities where poorly-paid, untrained, accident-prone seasonal laborers are being upgraded to salaried, trained, safety-conscious, year-round employees with stable livelihoods. The timber sector is by far the largest single employer in the Brazilian Amazon and has the greatest potential for eliminating pockets of rural poverty by converting this largely predatory industry to one that invests in forests and sustainable livelihoods. USAID/Brazil supported the establishment of the FSC office in Brazil through its grant to the World Wildlife Fund (WWF) and continues to support voluntary forest certification as an effective mechanism to use markets to sustain forests and people.

On August 26-31, 2001, during the third USAID-sponsored Community Forestry Management Workshop, a major São Paulo-based furniture designer closed a deal to purchase all wood products crafted from naturally fallen trees in the settlement of Porto Dias, Acre. At this workshop, the Bank of the Amazon (BASA) pledged to change lending criteria, granting community forestry projects greater access to loans. The annual Forest Products Fair (FLORA), supported by USAID through the NGO Group for Research and Extension in Agroforestry Systems of Acre (PESACRE), has become an event of national scope, attracting an unprecedented number of investors from throughout Brazil. The latest FLORA, in September 2001, attracted over \$150,000 in investments. Such results are significant as compared to the ones achieved in FY 2001, when only direct business transactions took place and investments amounted to \$13,000.

USAID support for local grantees' environmental advocacy and training capacity is proving extremely effective. WWF/Brazil signed an agreement with Brazil's government Institute of Environment and Renewable Natural Resources (IBAMA – the local EPA) to assist in weighing options for creation of new conservation units on ten million hectares of forested land from the Ministry of Agrarian Reform, upon transfer to the Ministry of Environment. The Amazonas State Institute for Environmental Protection (IPAAM) adopted USAID grantee's Vitória Amazônica Foundation's (FVA) "windows on biodiversity" mapping and monitoring methodology to insert biodiversity conservation concerns into the state's land zoning process. Researchers from the USAID-supported Amazon Research Institute (INPA), Smithsonian Institution's local partner, helped the State of Amazonas elaborate a proposal for the creation of a new sustainable development reserve (Reserva de Desenvolvimento Sustentável Piagaçu-Purús), the third of its kind in the state. USAID-supported International Education Institute of Brazil (IIEB), which manages WWF's Nature and Society training program, has expanded its scope of action into the areas of sustainable rural livelihoods and municipal-level conservation management with funding support from the Dutch, German, and British governments. To date, Dutch funding allowed IIEB to support 22 specific partnerships between civil society and local government agencies in Brazil (many of these partnerships are outgrowths of USAID-funded activities) with targeted advice on investments in sustainable development. It was through USAID's close collaboration with other donors and our recommendations concerning IIEB's high level of competence that IIEB became known to other donors.

Opinion polls in Brazil continue to show that the Brazilian public strongly favors environmental protection, in general, and forest conservation, in particular. The challenge is to translate passive sentiment into

conservation practice in the face of recent attempts on the part of the Brazilian Congress to water down protective measures in Brazil's Forest Code. Earlier successes of the USAID/Brazil environment program documented land use practices that are economically, environmentally, and socially viable. The challenge for USAID/Brazil, as it nears the end of its current strategy, is to translate successful forest conservation models into local government policies and practices with wide acceptance in forest dweller and business communities. Certain adjustments to the current strategy will expand current success.

Adjustments to the current program as a bridge to the new strategy, without altering the scope of our current grants, may include opportunities to: 1) increase focus on communication of successful models of economically sustainable forestry alternatives; 2) continue training for key practitioner groups positioned to scale-up adoption of effective land use practices; 3) explore opportunities to channel market forces such as credit lines, tax incentives, and market promotion, and build business alliances to encourage consumption of environmentally-responsible forest products (i.e., through independent, voluntary product certification).

The SO1 team will be unable to achieve the goals in its management contract at the drastically reduced level for FY 2002. The SO1 team proposes a proportionate reduction of financial support to all grantees for the this FY. This will allow minimal maintenance of on-going activities and avoid program disruption until the next strategy period begins. Options for direct funding of local partners will continue to be explored through specific pre-award surveys for key partners. During an RFA process we envision the possible formation of working consortia around specific themes (e.g., forest management training and model development). Opportunities to participate in the GDA initiative, linking buyers and producers of certified wood, will be explored. The forest management training center that is the centerpiece of this effort in Brazil is expected to begin operations in the 2003 (May-November) dry season.

512-002 – Increased Adoption by Key Actors of Concepts, Methods, and Technologies for Clean and Efficient Energy Production and Use

The Government of Brazil (GOB) has stated that its prime goal in regard to the power sector is to guarantee the availability and reliability of energy services to all citizens and economic activities, while converting the sector from being largely dominated by state-controlled industries to a vibrant, private energy market, regulated to take into consideration regional disparities that limit full access to electrical energy.

Starting with changes introduced by the 1988 Constitution, and subsequent federal legislation in the mid 90's, conditions were created by the GOB to allow the restructuring of the energy market and privatization of state and federal power companies. In the beginning, reforms were mainly associated with the privatization of federal, state and municipal power utilities. However, the restructuring process soon became more complex, as it was limited not only to the transfer of assets and a reorganization of public and private actors roles, but also affected the energy matrix and the definition of industrial and technology policies.

The GOB has embarked on an effort to encourage private investment in natural gas capacity, building with a planned increase in its share of total energy production from current 2.7% to 12% within ten years, with the urgent need for balancing the demand with supply of thermal generation as the main driver. At the same time, the government has decided to intensify the use of renewable energy and establish programs to create universal access to energy in rural areas.

The structural changes initiated by the GOB in the economy, and in the energy sector, in particular, have been a significant factor in enabling Brazil to develop the largest and fastest growing economy in Latin America. However, greenhouse gas (GHG) emissions have accompanied economic growth such that Brazil ranks as the region's leading GHG emitter, and the eighth in the world.

USAID/Brazil's Energy Program is designed to help the GOB and other public and private actors in the energy sector to ensure that Brazil's growth in energy demand is not met purely with carbon-emitting fossil fuels or other environmentally damaging sources. The Program strives to affect regulatory, technological, and market aspects of the energy sector restructuring, which will increase the probability of

creating an energy future for Brazil based on sustainable clean and efficient energy choices. This Program is experiencing important momentum, especially since the electrical energy shortage in 2001 led to temporary legislation requiring a mandatory reduction in energy consumption of 20% for most of the country. This measure greatly increased the interest in energy efficiency and conservation, and the need for support in these areas has become clear, even though energy rationing has been discontinued as of this writing.

SO₂ generally exceeded planned targets in FY 2001. Due to Brazil's last year energy crisis, an outstanding number of USAID/Brazil-supported initiatives related to energy policy were carried out. An index designed to demonstrate advancement of policies and regulations by key actors that contribute to the adoption of concepts, methods, and technologies for clean and efficient energy production and use was successful. It demonstrated the identification, analysis, development, validation, promotion, training, adoption, implementation, and enforcement of this indicator. The targets for FYs 2002 and 2003 have been upwardly revised, considering the increased potential contribution of each USAID partner involved. Also, the targets in the areas of capacity building, use of financing mechanisms, and technology cooperation for clean and efficient energy were all exceeded.

Beneficiaries: The key public and private sector energy actors that are the beneficiaries of the training and technical assistance activities implemented by the Mission maintain that the SO has demonstrated its capacity to add considerable value to focused initiatives to ensure that the growth in energy demand in the Brazilian energy sector is met by sustainable, clean, and efficient energy sources. Beneficiaries also agree that it is unlikely that the above-reported results would have been accomplished without USAID support.

Policy: USAID/Brazil, through the Energy Technology Innovation Program (ETIP), has submitted an energy efficiency strategy proposal for Brazil, some recommendations of which have already been implemented by the GOB. Also, through the Brazil Clean Energy Efficiency Program (BCEEP), the Mission carried out extensive work on several fronts to identify, analyze, and develop relevant policies and fiscal mechanisms to inform and influence key agents such as the Brazilian Energy Planning Committee (CNPE) and The Energy Crises Chamber (GCE) towards renewable energy solutions.

The above-mentioned results include:

1. A Resolution issued by the National Electric Energy Regulatory Agency (ANEEL) establishing that the utilities mandatory minimum annual investment in energy efficiency must be tied to demand and the proposed actions approved in public hearings.
2. New guidelines for energy efficiency projects annually submitted to ANEEL by utility companies that focus more on results (energy savings) than on minimum investment accomplishment.
3. An action plan proposal for the Ministry of Mines and Energy (MME) for the use of photo-voltaic solar systems in off-grid rural communities.
4. A regulatory instrument presented to GCE on tax incentives for use of renewable energy sources.
5. A proposal to create a resolution on compulsory purchase by utilities of energy from biomass sources.
6. Bill 4783/2001 and Decree 3827 providing for tax exemption of solar, wind and small hydro plant equipment.

The Brazil Energy Training and Outreach Program (BETOP), conducted four workshops in partnership with ANEEL and one with the São Paulo State Energy Commission (CSPE), focusing on energy efficiency and renewable energy issues. Those workshops trained 83 representatives from regulatory agencies and all 63 electricity utilities who will, in turn, become multipliers of the acquired knowledge. With USAID funds and through local partnerships, the first two of six workshops on climate change were implemented. These workshops are an element of USAID/Brazil's effort to support a wider national debate and enhanced awareness in the global climate change arena.

Two key actors have been strengthened: the Renewable Energy NGO Network (RENOVE) and the Energy Service Companies Association (ABESCO). RENOVE has provided a framework for cooperation

among non-profit organizations, while ABESCO involved the industrial, commercial and financial sectors in carrying out the energy efficiency program. These actors will serve as multiplier agents for dissemination of information and training and development of projects in their respective areas.

Opportunities for financing of energy efficiency and clean energy projects in Brazil are very rare, as banks believe it very risky to lend for such projects, rather choosing more stable options, such as market bonds. USAID has identified this market barrier and is attempting to overcome it through the Development Credit Authority (DCA) mechanism. In FY 2001, DCA was used to provide portfolio guarantee for a Clean Tech Fund (CTF) and a loan guarantee for a co-generation power plant construction. We look forward to initiating these two activities in FY 2002. Four other projects are under evaluation for use of DCA, and may be pursued next fiscal year.

Through local partners of BCEEP and BETOP, five workshops were carried out with the objective of disseminating the U.S. experience in financing energy efficiency and clean energy initiatives, and discussing the potential implementation of similar mechanisms in Brazil.

USAID/Brazil supported USAID/W in the implementation in Brazil of a joint water and energy efficiency program under a cooperative agreement with the Alliance to Save Energy (ASE). We will also be implementing activities with the Greenstar Foundation in four remote sites in FY 2002, for solar energy powered internet connection.

It is the perception of the SO Team that the current program's strategy and objectives are still relevant, though some basic assumptions and aspects in the energy sector and climate change area have evolved since the program's strategy was developed. Two of these major changes should be highlighted: 1) Brazil's decision to ratify the Kyoto Protocol, after the last Conference of Parties (COP-7); 2) the energy crisis and its consequences for Brazil's power sector reforms and restructuring process.

During the next strategic planning period, USAID/Brazil should continue to provide technical assistance and training, focusing on the key actors responsible for building a national energy efficiency policy, such as the National Council on Energy Policy (CNPE), the National Electric Energy Regulatory Agency (ANEEL), and the National Energy Efficiency Program (PROCEL), and extend such training to some other key selected actors, such as the Brazilian Oil Agency (ANP) and the National Program for the Rational Use of Natural Gas and Oil (CONPET).

In line with COP's recommendations, awareness and dissemination of activities related to the business aspects of climate change and focused carbon trading should be a focus for next year, through a program that could provide technical assistance for the dissemination of concepts and technology and financing mechanisms. Such a program could help to establish some options for developing countries to mitigate climate change.

512- 003: HIV/AIDS Prevention and TB Control

Brazil is the region's epicenter for HIV/AIDS and accounts for the majority (52%) of reported AIDS cases in Latin America and the Caribbean (LAC), a disproportionate amount given that Brazilians are only one-third of the region's population. The Ministry of Health (MOH) reported 215,810 AIDS cases through June 2001, but it estimates that more than 600,000 people are infected with HIV/AIDS. While the overall incidence of HIV/AIDS has apparently leveled off since 1996, the number of new AIDS cases continues to rise in several regions throughout the country. Geographically, Brazil also poses a threat for further spread of HIV/AIDS because it shares borders with ten other South American countries. HIV transmission through heterosexual contact has recently grown dramatically, increasingly affecting women, young people and those with the lowest level of education, the latter resulting in an increasing concentration of HIV/AIDS victims among the poorest and most marginalized populations. These groups, especially those co-infected with latent tuberculosis (TB), are also at a significant risk of developing active, infectious TB, in which Brazil has the highest number of cases in the Americas, estimated at 124,000 new cases annually.

The purpose of USAID/Brazil's HIV/AIDS/TB program is to increase the number of sustainable and effective programs to prevent sexual transmission of HIV among target groups and to control TB in targeted geographic areas. Closely linked to the AIDS and TB programs of the Brazilian MOH, USAID-supported activities include: a condom social marketing program and a public awareness campaign; capacity building to strengthen management skills of national, state and municipal HIV/AIDS workers; technical assistance and training for municipal and state public health units to integrate sustainable sexually transmitted infections (STI)/HIV health services into the larger overall reproductive health (RH) programs in two Brazilian states; operations research to identify and develop effective HIV/AIDS prevention interventions; and institutional capacity building to diagnose, treat, control and monitor TB and HIV/TB co-infection in target areas.

While the USAID/Brazil health program demonstrated many successes in FY 2001, overall, the SO did not meet all of our expectations last year. This was primarily due to a significant change in the Mission's HIV/AIDS portfolio. In April, USAID/Brazil's cooperative agreement with Family Health International (FHI), which managed the "Implementing AIDS Prevention and Care" (IMPACT) project with the sub-contractor Management Sciences for Health (MSH), was terminated due to inadequate financial and programmatic performance that was detailed in last year's mid-term evaluation. As a result, the planned targets for the program component that focuses on strengthening the technical capacity of USAID-targeted STI/AIDS programs were not achieved. The Mission has shifted resources to strengthen the more successful activities of its HIV/AIDS prevention portfolio, which include expanding condom social marketing initiatives to other regions within Brazil, strengthening the management capacity of selected Brazilian NGOs that work in HIV/AIDS prevention, and supporting new operations research activities in HIV/AIDS prevention, TB control and HIV/TB co-infection.

Condom social marketing: This USAID-supported activity increased its total sales of male condoms by 26% in FY 2001, selling a total of 63.1 million condoms, as compared to 50.6 million in FY 2000. These results contributed significantly to the overall growth of 15% in the Brazilian commercial condom market since last year. The market for low-priced male condoms was expanded, which greatly increased the accessibility of condoms in low-income communities. USAID provided technical assistance to the National STI/AIDS Program in the design and development of a nationwide condom social marketing activity. In addition, USAID assumed a leadership role in the National Condom Committee, which negotiated the sales tax exemption (18%) for male condoms, and resulted in a substantial decrease in the average price of condoms throughout Brazil.

Management capacity building: USAID provided technical assistance to the National STI/AIDS Program in adapting a Joint United Nations Program on HIV/AIDS (UNAIDS) methodology for strategic planning at the state level by training 100 facilitators from all 26 Brazilian states and developed a manual on strategic planning, which will be published by the MOH. Personnel from ten target state and municipality STI/HIV program also received direct assistance in strengthening their management capacity. These activities led to the consolidation of the management strengthening component, which aims to improve local institutional capacity to plan, implement and evaluate STI/AIDS programs, expected to be accomplished by the end of the current program.

Integration of STI/HIV services and reproductive health (RH) programs: Technical assistance was provided to 20 municipal and state-run health posts in the two target states of Bahia and Ceará to strengthen the capacity of the primary health care systems to provide quality integrated STI/HIV/RH services to low-income clients. Because women with STIs have an increased likelihood of contracting HIV/AIDS, health programs with integrated STI/HIV/AIDS services, by providing information and treatment services, can serve as entry points for addressing the social and behavior change that prevent the spread of HIV/AIDS. In addition, 74 health professionals from these two states were trained to conduct STI/HIV/RH integration activities in order to expand these interventions to other health posts in the future.

TB control: USAID/Brazil last year developed a two-year strategy, with the collaboration of federal, state and municipal health officials, that focuses on improving the political commitment to Directly Observed Therapy (DOTS), the World Health Organization's (WHO) recommended strategy for TB control; expanding DOTS coverage in the target state of Rio de Janeiro; and developing HIV/TB co-infection initiatives. The ultimate beneficiaries of the Mission's strategy will be TB patients, including AIDS sufferers, who will have access to more effective TB treatment through DOTS. As TB cases are detected,

treated and cured, TB transmission will be reduced producing benefits for patients' families and the community.

Policy development: USAID/Brazil strengthened its policy dialogue with federal MOH officials on regional and national issues related to HIV/AIDS prevention and TB control initiatives. The Mission also actively participated in the UNAIDS Theme Group, which brings together approximately 20 representatives from international donor organizations, among which USAID, UN constituent agencies, and the National STI/AIDS Program, to coordinate activities related to HIV/AIDS. At these bi-monthly meetings, USAID established the agenda for several issues, including condom social marketing, cross-border initiatives, and adolescent health research, that resulted in the identification of priority activities to prevent the spread of HIV/AIDS.

Cross-border activity: The Mission supported a strategic assessment to study factors related to HIV/AIDS transmission in six Brazilian border regions. Preliminary results indicate that there is a serious deficiency of HIV/AIDS prevention activities in these border regions, as compared to urban centers elsewhere in the country. In addition, several factors were identified that increase the risk of HIV/AIDS transmission in these areas, including the concentrated movement of people and goods, drugs and arm trafficking, child prostitution and trafficking of girls and women, and isolated populations, especially indigenous groups without access to HIV/AIDS information. Based on the assessment's final results, USAID plans to support prevention interventions in collaboration with the Brazilian MOH, the Pan American Health Organization (PAHO), neighboring countries and other USAID missions.

512-005 : Increased Ability of Working Children and At-Risk Youth to Become Productive, Healthy Citizens

The development environment in Brazil continues to present numerous challenges. In spite of many gains at the macro-economic level, resulting from ongoing federal programs and demonstrated by improved social indicators, Brazil's social and economic inequities continue to take their toll on poor families and children, especially in the northeast region of the country. The struggle for economic advancement, most critical in urban centers due to continued migration by rural poor, is hampered by structural barriers that severely limit the healthy development of children, mainly inadequate public services and weak public education for the poor and disadvantaged.

The recently released 2000 Census shows a nation struggling to overcome its many structural problems. With a population of 170 million, Brazil has 70 million children and youth, ranging from 0 to 19 years of age. Of these, 30 million live in families with a per capita income of less than half the minimum wage of \$75/month, and a vast majority live in female-headed households. According to the World Bank, poverty is pervasive in Brazil, and one of the strongest correlates of poverty is low education. Enrollment of children in school is high at 96%, but children enter the educational system late, attend infrequently and drop out early, leading to slow progression through school. According to UNESCO's 2001 Report on Education in Latin America, Brazil also has the highest repetition rates in the continent, at 24%. The average school-going child in Brazil is behind his counterparts in other Latin American countries. The educational attainment of children in urban Brazil is only 60% of what it should be for their age. For example, a typical 13 year-old, who should have completed six grades, is currently in fourth grade. Child labor is common; about 14.9% of children in the 7-14 age group work. The incidence of child labor is 20% at the bottom quintile of income distribution, and only 5% at the top quintile, expressing a clear association between the need to work and poverty.

From a legislative perspective, the Brazilian Child and Adolescent's Rights Act continues to serve as the cornerstone for children's rights in Brazil. However, its full implementation has yet to become a reality. The law has helped to mobilize society and create formal avenues for advocacy and citizen participation, though many obstacles persist to fulfilling its mandate of complete and unequivocal human rights protection and full development of children and youth. Along with the need to improve social and economic conditions, a major challenge is the need to change attitudes and shift social assistance paradigms throughout government and society.

In this context, USAID/Brazil's At-Risk Youth Program's vision is to contribute to the development of competent, responsible citizens. Since 1994, the program has been addressing the needs of at-risk children and youth by supporting activities in the areas of education and vocational training; protection against violence and human rights violations; prevention and eradication of child labor; and prevention of STIs and HIV/AIDS. Focusing its assistance in poor northeast Brazil, to date, USAID has assisted over 60,000 children and their families.

Most program targets were exceeded in FY 2001. Some of the key results included:

- 15,360 children and youth reached by USAID-supported organizations, a 20% expansion over 2000 in the service capacity of program-assisted organizations, with a focus on quality and holistic assistance;
- 552 public schools participated in program activities, opening the way for USAID to reach a total of 32,797 students and teachers;
- 100% scholastic enrollment rate and 95% grade-pass rate achieved among program-assisted children and youth;
- Increased collaboration with the GOB in areas such as combating sexual exploitation of children and adolescents and preventing violence against youth;
- 22,294 youth, family members and educators reached by HIV/AIDS awareness-raising activities;
- Five innovative methodologies in the areas of vocational training, art education and assistance to victims of domestic violence documented and disseminated for replication purposes;
- 1,593 claims filed on sexual exploitation of children and adolescents and followed up by children's rights advocacy groups; and
- 1,368 victims of violence received support and therapy.

In one critical area, however, the program did not meet its targets: vocational training completion rates dropped from 91% in FY 2000 to 56% in FY 2001. Only 271 youth completed vocational training courses in 2001. Since the reasons for such a sharp decrease are not yet clear, the Mission has requested an evaluation of the program's vocational training component, in order to pinpoint the problems and analyze the options for modifying the program. On a more positive note, 63% of the youth that completed the training courses were successfully placed in income-generating activities in the job market. Of these, most were trained in alternative skills linked to the arts and culture, including fashion design, cultural events production and music teaching, reaffirming the power of art education in offering avenues for building self-esteem and marketable skills, especially in the Northeast, with its rich and diversified culture.

In 2001, USAID supported the GOB and Brazilian civil society's efforts to provide assistance and protection to girls victimized by sexual exploitation and abuse. Working in close collaboration with the National Secretariat of Social Assistance (SEAS), USAID provided assistance to state and local governments in developing and implementing plans to combat sexual violence, abuse and exploitation. USAID also worked with the Brazilian Federal Tourism Agency (EMBRATUR) to mount a national campaign to alert tourists about the punishment for crimes of sexual exploitation of minors. The Mission worked to expand the number of Surveillance Centers under the National Sentinel Project from two to 20 in Bahia State. These centers coordinate decentralized prevention, protection and psychosocial support actions that benefit victims of sexual exploitation and abuse.

Reflecting USAID's continuous focus on at-risk youth education over the last six years, additional USAID-supported institutions worked to ensure university access to youth graduating from activities. This type of support is still incipient, but at least 45 USAID beneficiaries were approved in selection tests for university entry in 2001. For most Brazilian at-risk children and youth, merely completing elementary school is an enormous challenge. The fact that even a few of them have had the chance to enter university is an indication of the tremendous success experienced by local organizations. In addition, the paradigm of assisting the poor by only meeting their basic needs is being gradually modified and expanded.

In the child labor arena, USAID strengthened relations with the National and State Fora for Child Labor Prevention and Eradication. These fora serve as important multi-sector mechanisms for monitoring public policy and promoting public awareness. Further, USAID funding supported the development of complementary activities with local NGOs to offer important educational components (vocational training and after-school programs) to children removed from labor sites.

In 2001, USAID started the design of a strategy to assist AIDS orphans and prevent HIV/AIDS infection among youth. In the past, only a few AIDS prevention activities were implemented under the At-Risk Youth program, as health was a crosscutting area under this SO, with no specific funding allocated by USAID/W. With the allocation to the program of HIV/AIDS and vulnerable children funds, and based on extensive consultation with key national players, USAID/Brazil's new strategy will prioritize peer education on the prevention side, both as a means to prevent HIV/AIDS and to support community teen leadership development. On the assistance side, activities under this strategy will focus on humanized care for children affected by the pandemic, while strengthening community support to AIDS orphans.

This successful program has generated increased demand for USAID's technical assistance, including from the most developed cities in the country, Rio de Janeiro and São Paulo. Such demand will be taken into account in the development of USAID's new six-year strategy, to be submitted to USAID/Washington in late May 2002. USAID will seek opportunities for increasing national impact, while continuing to work in the forefront of innovative services available to at-risk children and youth. Taking advantage of its considerable capacity to leverage funds from international and local donors, the At-Risk Youth Program will actively pursue GDA opportunities, particularly in the areas of distance learning and bridging the digital divide. Interest in this type of alliance has already been manifested by local organizations, USAID-funded PVOs in the U.S., and the U.S. and Brazilian private sectors.

Table 1: Annual Report Selected Performance Measures

The information in this table will be used to respond to USAID's reporting requirements under GPRA

Indicator (all data should pertain to FY or CY 01)		OU Response			Fund Account	Data Quality Factors
Global Development Alliance: GDA serves as a catalyst to mobilize the ideas, efforts, and resources of the public sector, corporate America and non-governmental organizations in support of shared objectives						
1	Did your operating unit achieve a significant result working in alliance with the public sector or NGOs?	Yes	No	N/A X	N/A	
2	a. How many alliances did you implement in 2001? (list partners)	0			N/A	
	b. How many alliances do you plan to implement in FY 2002?	3				Three in the areas of environment, renewable energy and the digital divide. We are currently un a discussion process with private companies, foundations and the public sector.
3	What amount of funds has been leveraged by the alliances in relationship to USAID's contribution?			X	N/A	
Economic Growth, Agriculture and Trade: USAID works to improve country economic performance using five approaches: (1) liberalizing markets, (2) improving agriculture, (3) supporting microenterprise, (4) ensuring primary education, and (5) protecting the environment and improving energy efficiency.						
4	If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets? 512-001: Environment - Number of persons trained (those with or without a high school diploma))	Exceed X	Met	Not Met	DA	A data quality assessment was conducted in 2001 and the assessment team found that this indicator has been well used and suggested redefining targets based on projections. Following this recommendation, new targets were defined from actual data series(1998-2001).
USAID Objective 1: Critical, private markets expanded and strengthened						
5	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
USAID Objective 2: More rapid and enhanced agricultural development and food security encouraged						
6	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
USAID Objective 3: Access to economic opportunity for the rural and urban poor expanded and made more equitable						
7	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		

Indicator (all data should pertain to FY or CY 01)		OU Response		Fund Account	Data Quality Factors	
USAID Objective 4: Access to quality basic education for under-served populations, especially for girls and women, expanded						
8	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
9	a. Number of children enrolled in primary schools affected by USAID basic education programs (2001 actual)	Male	Female	Total		
	b. Number of children enrolled in primary schools affected by USAID basic education programs (2002 target)	N/A	N/A	N/A		
USAID Objective 5: World's environment protected						
10	Did your program achieve a significant result in the past year that is likely to contribute to this objective? (512-001: environment - Conservation unit and buffer zone management plans developed and validated)	Yes X	No	N/A	DA	Data quality assessment was conducted but analysis is still underway.
11	a. Hectares under Approved Management Plans (2001 actual)	4,363,078			N/A	
	b. Hectares under Approved Management Plans (2002 target)	5,578,072				
Global Health: USAID works to: (1) stabilize population, (2) improve child health, (3) improve maternal health, (4) address the HIV/AIDS epidemic, and (5) reduce the threat of other infectious diseases.						
12	If you have a Strategic Objective or Objectives linked to the Global Health pillar, did it/they exceed, meet, or not meet its/their targets?	Exceed	Met X	Not Met	DA CSD	

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
USAID Objective 1: Reducing the number of unintended pregnancies					
13 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
USAID Objective 2: Reducing infant and child mortality					
14 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
USAID Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth					
15 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
USAID Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries					
16 Did your program achieve a significant result in the past year that is likely to contribute to this objective? (512-003 HIV/AIDS Prevention and TB Control)	Yes	No X	N/A	CSD	
USAID Objective 5: Reducing the threat of infectious diseases of major public health importance					
17 Did your program achieve a significant result in the past year that is likely to contribute to this objective? (512-003 HIV/AIDS Prevention and TB Control)	Yes	No	N/A X		
Democracy, Conflict and Humanitarian Assistance					
18 If you have a Strategic Objective or Objectives linked to the Democracy, Conflict and Humanitarian Assistance Pillar, did it/they exceed, meet, or not meet its/their targets?	Exceed	Met	Not Met		
USAID Objective 1: Rule of law and respect for human rights of women as well as men strengthened					
19 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
USAID Objective 2: Credible and competitive political processes encouraged					
20 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
USAID Objective 3: The development of politically active civil society promoted					
21 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
USAID Objective 4: More transparent and accountable government institutions encouraged					
22 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
USAID Objective 5: Conflict					
23 Did your program in a pre-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
24 Did your program in a post-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
25 Number of refugees and internally displaced persons assisted by USAID	Male	Female	Total N/A		
USAID Objective 6: Humanitarian assistance following natural or other disasters					
26 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
27 Number of beneficiaries	N/A			N/A	

Table 2: Selected Performance Measures for other Reporting Purposes

The information in this table will be used to respond to USAID's reporting requirements under GPRA

Indicator (all data should pertain to FY or CY 01)		OU Response		Fund Account	Data Quality Factors	
Child Survival Report						
Global Health Objective 1: Reducing the number of unintended pregnancies						
1	Percentage of in-union women age 15-49 using, or whose partner is using, a modern method of contraception at the time of the survey. (DHS/RHS)					
Global Health Objective 2: Reducing infant and child mortality						
2	Percentage of children age 12 months or less who have received their third dose of DPT (DHS/RHS)	Male	Female	Total		
3	Percentage of children age 6-59 months who had a case of diarrhea in the last two weeks and received ORT (DHS/RHS)	Male	Female	Total		
4	Percentage of children age 6-59 months receiving a vitamin A supplement during the last six months (DHS/RHS)	Male	Female	Total		
5	Were there any confirmed cases of wild-strain polio transmission in your country?	No		N/A		
Global Health Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth						
6	Percentage of births attended by medically-trained personnel (DHS/RHS)					
Global Health Objective 5: Reducing the threat of infectious diseases of major public health importance						
7	a. Number of insecticide impregnated bed-nets sold (Malaria) (2001 actual) b. Number of insecticide impregnated bed-nets sold (Malaria) (2002 target)	N/A N/A		N/A		
8	Proportion of districts implementing the DOTS Tuberculosis strategy					

HIV/AIDS Report

Global Health Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries

9	a. Total condom sales (2001 actual) (512-003 Prevention and TB Control)	34,707,000			DA	Represents number of male condoms sold by implementing partner in USAID target area; does not include 356,236 female condoms sold in FY 2001. 44.7 million condoms were sold nationwide by implementing partner.
	b. Total condom sales (2002 target) (512-003 Prevention and TB Control)	37,136,000				
10	a. Number of individuals treated in STI programs (2001 actual)	Male	Female	Total	N/A	
	b. Number of individuals treated in STI programs (2002 target)			N/A		
11	Is your operating unit supporting an MTCT program?	No			N/A	
12	a. Number of individuals reached by community and home based care programs (2001 actual)	Male	Female	Total	N/A	
	b. Number of individuals reached by community and home based care programs (2002 target)			N/A		
13	a. Number of orphans and vulnerable children reached (2001 actual)	Male	Female	Total	N/A	
	b. Number of orphans and vulnerable children reached (2002 target)			N/A		
14	a. Number of individuals reached by antiretroviral (ARV) treatment programs (2001 actual)	Male	Female	Total	N/A	
	b. Number of individuals reached by antiretroviral (ARV) treatment programs (2002 target)			N/A		

Victims of Torture Report					
Democracy, Conflict, and Humanitarian Assistance Objective 7: Providing support to victims of torture					
15	Did you provide support to torture survivors this year, even as part of a larger effort?	No		N/A	
16	Number of beneficiaries (adults age 15 and over)	Male	Female	Total N/A	N/A
17	Number of beneficiaries (children under age 15)	Male	Female	Total N/A	N/A

Global Climate Change			
USAID Objective 5: World's environment protected			
18	Global Climate Change: See GCC Appendix		

Annual Report Part VII: Environmental Compliance

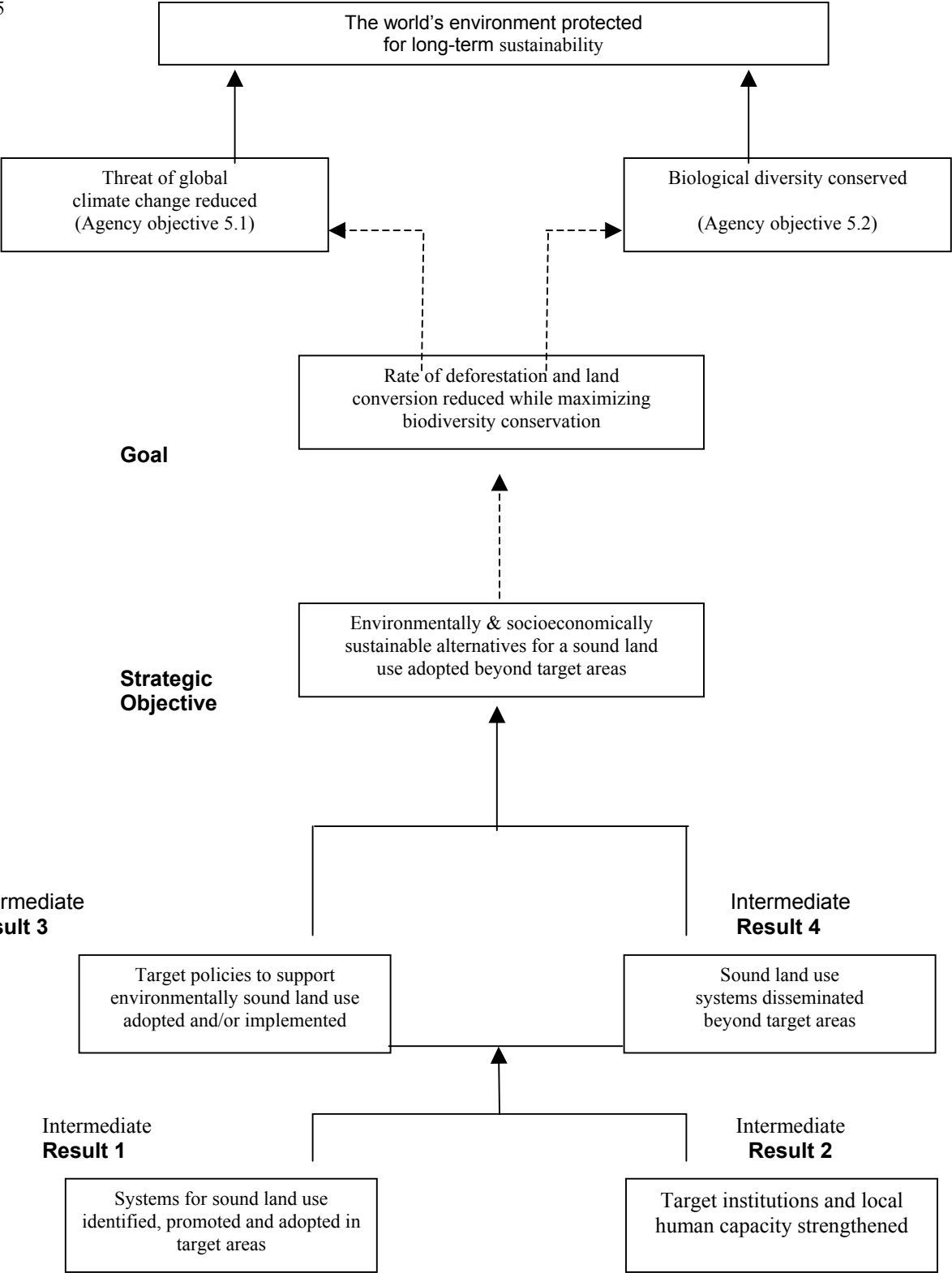
In FY 2003 the Mission plans to undertake initial environmental examinations (IEEs) of activities proposed under our new Strategic Plan, using in-house capabilities or, when appropriate, assistance from the LAC Bureau's Environment Office. The Mission expects to submit requests for Categorical Exclusions for the AIDS and At-Risk Youth activities, and Initial Environment Examinations for the Environment and Energy programs.

All current activities under all USAID/Brazil SOs are in compliance with 22 CFR 216.

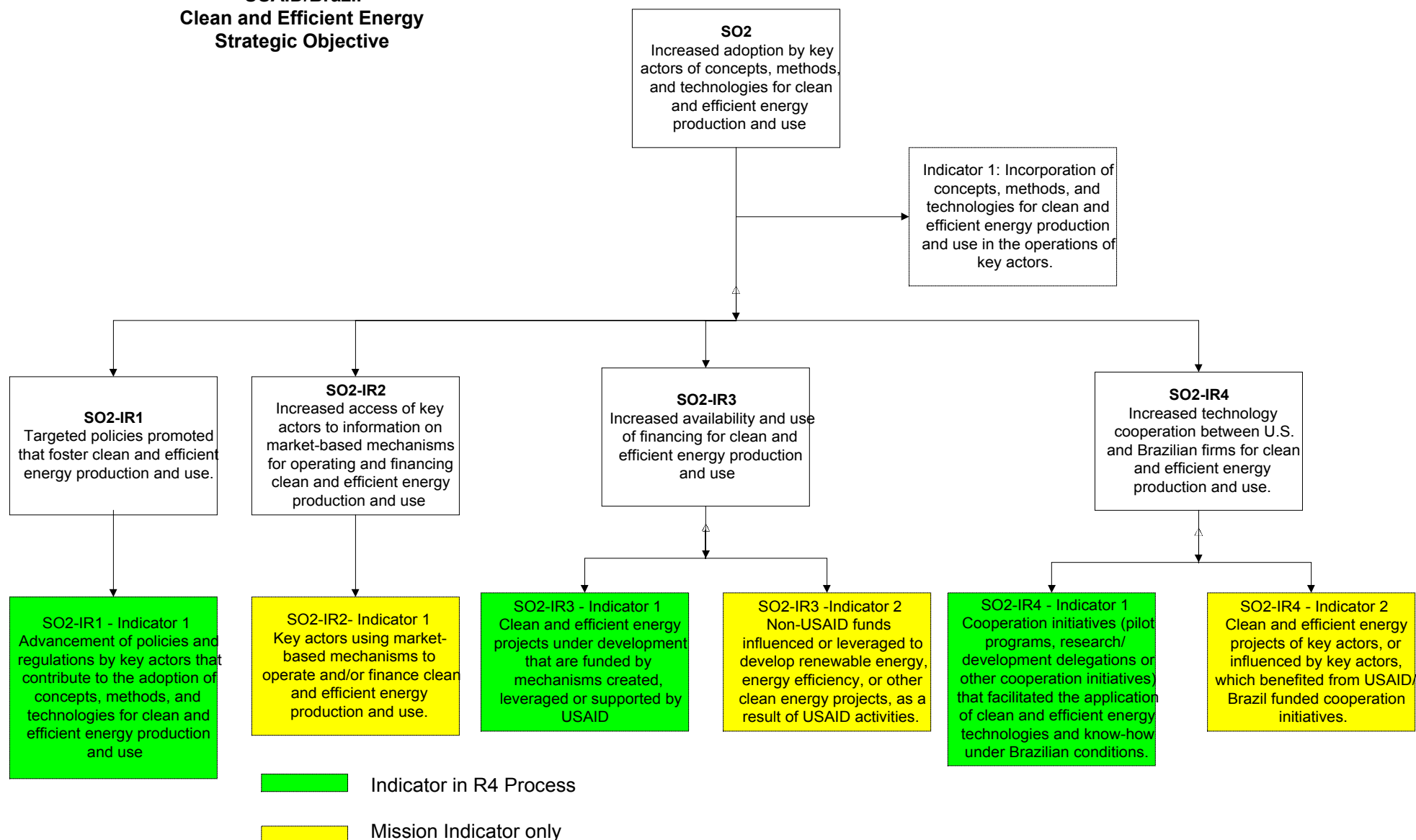
RESULTS FRAMEWORK SO1: ENVIRONMENT

Agency Goal 5

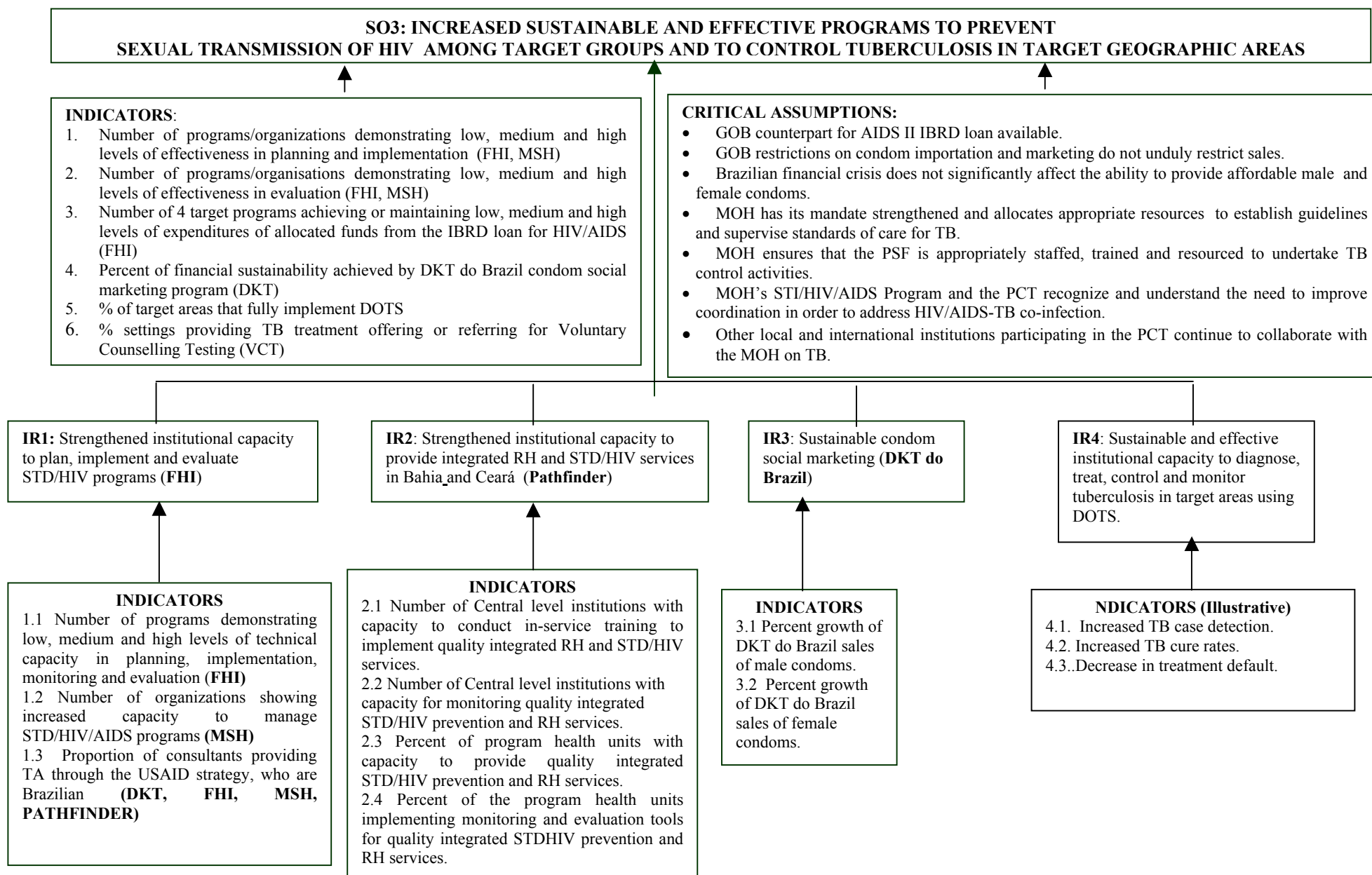
Agency Objectives



RESULTS FRAMEWORK - USAID/Brazil SO2
USAID/Brazil
Clean and Efficient Energy
Strategic Objective



Results Framework SO3: Health



SpO 1: Improved ability of at-risk and working children and youth to become productive, healthy citizens

